

106TH CONGRESS
1ST SESSION

S. 999

To amend chapter 18 of title 35, United States Code, to improve the ability of Federal agencies to patent and license federally owned inventions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 11, 1999

Mr. HATCH introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend chapter 18 of title 35, United States Code, to improve the ability of Federal agencies to patent and license federally owned inventions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Technology Transfer
5 Act of 1999”.

1 **SEC. 2. LICENSING FEDERALLY OWNED OR PATENTED IN-**
2 **VENTIONS.**

3 (a) IN GENERAL.—Section 209 of title 35, United
4 States Code, is amended to read as follows:

5 **“§ 209. Licensing federally patented or owned inven-**
6 **tions**

7 “(a) AUTHORITY.—A Federal agency may grant an
8 exclusive or partially exclusive license on a federally owned
9 invention under section 207(a)(2) only if—

10 “(1) granting the license is a reasonable and
11 necessary incentive to—

12 “(A) call forth the investment capital and
13 expenditures needed to bring the invention to
14 practical application; or

15 “(B) otherwise promote the invention’s uti-
16 lization by the public;

17 “(2) the Federal agency finds that the public
18 will be served by the granting of the license, as indi-
19 cated by the applicant’s intentions, plans, and ability
20 to bring the invention to practical application or oth-
21 erwise promote the invention’s utilization by the
22 public, and that the proposed scope of exclusivity is
23 not greater than reasonably necessary to provide the
24 incentive for bringing the invention to practical utili-
25 zation, as proposed by the applicant, or otherwise to
26 promote the invention’s utilization by the public;

1 “(3) the applicant makes a commitment to
2 achieve practical utilization of the invention within a
3 reasonable time, which time may be extended by the
4 agency upon the applicant’s request and the appli-
5 cant’s demonstration that the refusal of such exten-
6 sion would be unreasonable;

7 “(4) granting the license will not tend to sub-
8 stantially lessen competition or create or maintain a
9 violation of the Federal antitrust laws; and

10 “(5) in the case of an invention covered by a
11 foreign patent application or patent, the interests of
12 the Federal Government or United States industry
13 in foreign commerce will be enhanced.

14 “(b) MANUFACTURE IN UNITED STATES.—A Federal
15 agency shall normally grant a license under section
16 207(a)(2) to use or sell any federally owned invention in
17 the United States only to a licensee who agrees that any
18 products embodying the invention or produced through the
19 use of the invention will be manufactured substantially in
20 the United States.

21 “(c) SMALL BUSINESS.—First preference for the
22 granting of any exclusive or partially exclusive licenses
23 under section 207(a)(2) shall be given to small business
24 firms having equal or greater likelihood as other appli-

1 cants to bring the invention to practical application within
2 a reasonable time.

3 “(d) TERMS AND CONDITIONS.—Any licenses grant-
4 ed under section 207(a)(2) shall contain such terms and
5 conditions as the granting agency considers appropriate.
6 Such terms and conditions shall include provisions—

7 “(1) retaining a nontransferable, irrevocable,
8 paid-up license for any Federal agency to practice
9 the invention or have the invention practiced
10 throughout the world by or on behalf of the Govern-
11 ment of the United States;

12 “(2) requiring periodic reporting on utilization
13 of the invention, and utilization efforts, by the li-
14 censee, but only to the extent necessary to enable
15 the Federal agency to determine whether the terms
16 of the license are being complied with; and

17 “(3) empowering the Federal agency to termi-
18 nate the license in whole or in part if the agency de-
19 termines that—

20 “(A) the licensee is not executing its com-
21 mitment to achieve practical utilization of the
22 invention, including commitments contained in
23 any plan submitted in support of its request for
24 a license, and the licensee cannot otherwise
25 demonstrate to the satisfaction of the Federal

1 agency that it has taken, or can be expected to
2 take within a reasonable time, effective steps to
3 achieve practical utilization of the invention;

4 “(B) the licensee is in breach of an agree-
5 ment described in subsection (b);

6 “(C) termination is necessary to meet re-
7 quirements for public use specified by Federal
8 regulations issued after the date of the license,
9 and such requirements are not reasonably satis-
10 fied by the licensee; or

11 “(D) the licensee has been found by a
12 court of competent jurisdiction to have violated
13 the Federal antitrust laws in connection with
14 its performance under the license agreement.

15 “(e) TREATMENT OF REPORT INFORMATION.—Any
16 report required under subsection (d)(2) shall be treated
17 by the Federal agency as commercial and financial infor-
18 mation obtained from a person and is privileged and con-
19 fidential and not subject to disclosure under section 552
20 of title 5.

21 “(f) PUBLIC NOTICE.—No exclusive or partially ex-
22 clusive license may be granted under section 207(a)(2) un-
23 less public notice of the intention to grant an exclusive
24 or partially exclusive license on a federally owned invention
25 has been provided in an appropriate manner at least 15

1 days before the license is granted, and the Federal agency
 2 has considered all comments received before the end of
 3 the comment period in response to that public notice. This
 4 subsection shall not apply to the licensing of inventions
 5 made under a cooperative research and development
 6 agreement entered into under section 12 of the Stevenson-
 7 Wydler Technology Innovation Act of 1980 (15 U.S.C.
 8 3710a).

9 “(g) PLAN.—No Federal agency shall grant any li-
 10 cense under a patent or patent application on a federally
 11 owned invention unless the person requesting the license
 12 has supplied the agency with a plan for development or
 13 marketing of the invention, except that any such plan shall
 14 be treated by the Federal agency as commercial and finan-
 15 cial information obtained from a person and privileged and
 16 confidential and not subject to disclosure under section
 17 552 of title 5.”.

18 (b) AMENDMENTS TO CHAPTER 18 OF TITLE 35,
 19 UNITED STATES CODE.—Chapter 18 of title 35, United
 20 States Code, is amended—

21 (1) in section 200 by inserting “without unduly
 22 encumbering future research and discovery” after
 23 “free competition and enterprise;”;

24 (2) by amending section 202(e) to read as fol-
 25 lows:

1 “(e) In any case when a Federal employee is a co-
 2 inventor of any invention made with a nonprofit organiza-
 3 tion, small business firm, or a non-Federal inventor, the
 4 Federal agency employing such coinventor may, for the
 5 purpose of consolidating rights in the invention and if it
 6 finds that it would expedite the development of the
 7 invention—

8 “(1) license or assign whatever rights it may
 9 acquire in the subject invention to the nonprofit or-
 10 ganization, small business firm, or non-Federal in-
 11 ventor in accordance with sections 200 through 204
 12 (including this section); or

13 “(2) acquire any rights in the subject invention
 14 from the nonprofit organization, small business firm,
 15 or non-Federal inventor, but only to the extent the
 16 party from whom the rights are acquired voluntarily
 17 enters into the transaction and no other transaction
 18 under this chapter is conditioned on such acquisi-
 19 tion.”; and

20 (3) in section 207(a)—

21 (A) in paragraph (2), by striking “patent
 22 applications, patents, or other forms of protec-
 23 tion obtained” and inserting “inventions”; and

24 (B) in paragraph (3), by inserting “, in-
 25 cluding acquiring rights for and administering

1 royalties to the Federal Government in any in-
2 vention, but only to the extent the party from
3 whom the rights are acquired voluntarily enters
4 into the transaction, to facilitate the licensing
5 of a federally owned invention” after “or
6 through contract”.

7 (c) CONFORMING AMENDMENT.—The item relating
8 to section 209 in the table of sections for chapter 18 of
9 title 35, United States Code, is amended to read as fol-
10 lows:

“209. Licensing federally patented or owned inventions.”.

